



CITY OF
BAINBRIDGE ISLAND

AFFORDABLE HOUSING TASK FORCE
REGULAR MEETING
WEDNESDAY, JANUARY 10, 2018
6:00-8:00 PM
COUNCIL CHAMBER
CITY HALL, 280 MADISON AVE N
BAINBRIDGE ISLAND, WA 98110

AGENDA

Members: Althea Paulson, Chair
Emma Aubrey Sharon Gilpin Bill Luria
Jeffrey Brown Stuart Grogan Pegeen Mulhern
Pat Callahan Edward Kushner David Shorett
Stephen Deines Ann Lovejoy Charlie Wenzlau
Phedra Elliott

Liaisons: Deputy Mayor Blossom Councilmember Scott Commissioner Chester

6:00 PM Call to Order, Review and Approve Meeting Agenda, Conflict of Interest Disclosure

6:05 PM Review and Approve Notes from December 6, 2017 Meeting

6:10 PM AHTF Meeting Note Taking

6:15 PM Public Comment

6:20 PM Suzuki Property Project: Consider specific recommendations on ownership model, income ranges, etc.

7:00 PM Small to Midsize Housing Work Group Report

**7:20 PM Discuss Work Group Reports & New Work Groups;
Consider Incremental Development Work Group**

7:40 PM Public Comment

7:50 PM Discuss Agenda for Next Meeting: January 24th

7:55 PM For the Good of the Order

8:00 PM Adjourn

***TIMES ARE ESTIMATES**

For special accommodations, please contact Jane Rasely, Planning & Community Development 206-780-3758 or at jrasely@bainbridgewa.gov



AFFORDABLE HOUSING TASK FORCE
REGULAR MEETING
WEDNESDAY, DECEMBER 6, 2017
6:00 PM – 8:00 PM
COUNCIL CHAMBER
280 MADISON AVE. N
BAINBRIDGE ISLAND, WA 98110

MINUTES

TASK FORCE MEMBERS PRESENT:

Sharon Gilpin, Acting Chair
Pat Callahan
Phedra Elliott
Stuart Grogan
Edward Kushner

Ann Lovejoy
Bill Luria
Pegeen Mulhern
David Shorett
Charlie Wenzlau

LIAISONS PRESENT: Deputy Mayor Sarah Blossom & Planning Commissioner Bill Chester

MEMBERS OF THE PUBLIC PRESENT: Marci Burkel, Corey Christopherson, Councilmember Ron Peltier.

CALL TO ORDER: Acting Chair Sharon Gilpin called the meeting to order at 6:00 pm.

CONFLICT OF INTEREST DISCLOSURE –Stuart Grogan, Phedra Elliott disclosed that their organizations (Housing Kitsap, Housing Resources Bainbridge, respectively) are involved in this project.

APPROVAL OF MINUTES: Minutes from November 15, 2017 Meeting were approved.

Acting Chair inadvertently skipped Public Comment until after Suzuki discussion

STATUS UPDATE ON SUZUKI PROPERTY AGREEMENT: Councilmember Blossom went over the new mark-up copy of the DRAFT Agreement between the City and Olympic Property Group (OPG) the developer. The Council is waiting on budget numbers before completing the agreement. The Affordable Housing Task Force (AHTF) had previously told the Council that they wanted 100% affordability on the site. At this meeting, given the Agreement's language on this subject – the group voted to once again remind the Council that the AHTF recommends 100% affordability for the Suzuki project. Acting Chair Gilpin dissented because while 100% affordability would be great her experience is that developers must be able to make a profit on some market rate housing and she supports at least 50% affordable and 50% or less market rate.

PUBLIC COMMENT: Chris talked about the critical areas policy and how the hydrological surveys and assessments were applicable to all property. His concern is that these regulations

are expensive and will harm the solo person or family trying to build a modest home of say 1,500 sq. ft. or less on their land. He suggests we discuss a policy recommendation that is less quick to trigger to allow some affordability to people on a one-off basis.

The group discussed Airbnb's and the lodging tax and regulations that could limit short term rentals so that those units are removed from the rental market and therefore not available to moderate and/or low-income people.

Councilmember Blossom informed the group that the City Council Retreat would be on January 24th and if the AHTF wished to have the Council discuss any of these ideas they should submit a list soon after their first January meeting.

WORK GROUP REPORTS: Charlie Wenzlau presented the High School Road/Ferry District ideas. He explained the idea is like a 'cake' – where developers are incentivized to create 10% ground floor low income affordable units, second floor 30% moderate affordability and market rate on the third floor perhaps without mandatory parking space requirements.

The Finance Group is writing their report and will present it at the January meeting.

The Designated Service Center group talked about the fact that their issues were 'ripe' during the time they were meeting and had forwarded suggestions to the larger group and then the CC: live-aboards, in marinas and inclusionary housing.

Community Housing/Conservation Villages: This group discussed ADU's, tiny homes, all forms of clustered housing in conservation villages.

All groups will have a written report for the January initial meeting that will go into a *Half Way Mark Report* to the City Council. And then we will form new groups for the 2018 work.

The AHTF decided to not meet on December 13 and made this meeting their last of 2017.

There were no comments for the Good of the Order.

Adjournment was at 8:10 p.m.

Jennifer Sutton

From: Althea Paulson
Sent: Thursday, January 4, 2018 9:10 AM
To: Jennifer Sutton
Subject: Fw: Affordable Housing Task Force Deliverables

From: Corey Christopherson <coreychristopherson@gmail.com>
Sent: Friday, December 29, 2017 7:35 AM
To: Althea Paulson; Sharon Gilpin
Subject: Affordable Housing Task Force Deliverables

Hello Sharon and Althea,

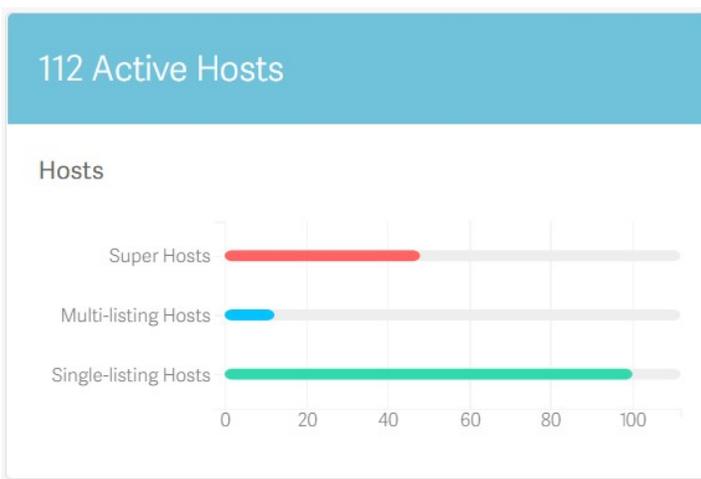
I'm sorry it took me so long to get this to you. The holidays really sneaked up on me this year. Below please find the items we discussed.

Airbnb Regulations

Seattle just passed a regulation on short term rentals that has been supported by community activists and Airbnb. The summary in the [Seattle Times](#) describes the new rules as

- New operators can have their primary residence and one additional unit
- Existing operators can have two units plus their primary residence if they add it at a later date
- There are exemptions to operators in the downtown core and on Capitol Hill

Below is a table from the Bainbridge Island Airbnb analysis from the AirDNA site. Of the 112 active hosts on the island only 12 are multi listing hosts (I don't know what the Super Host designation is).



I would like to discuss the impact of adopting the Seattle regulation at one of our next meetings.

Incremental Development

I think that incremental development is one of the most interesting housing theories being discussed today. I regularly read a blog/think tank called [Strong Towns](#) that has one of the best descriptions of the incremental development philosophy I've found in a series of articles linked below.

[The Power of Growing Incrementally](#)

There is also a great analysis of the affordability crisis in Portland that shows some examples of how top down planning (as opposed to incremental development) causes problems.

[Portland Case Study](#)

I've been thinking about how this philosophy could be applied to Bainbridge Island without the long and complex (and impossible) process of changing zoning, and I think there is a rare opportunity to get both sides of the issue to agree.

If we applied an incremental development philosophy to the island we would leave the existing zoning in place but limit the ability of a developer to jump densities. For example, a single family home in an R8 zone could not be developed to an 8 unit building right away. The owner would only be able to build to the next level of density by creating a duplex. This approach would be applied to Winslow, Lynwood Center, Rolling Bay, and Fletcher Bay.

At first, it seems like this approach would lead to less development. However, reducing the amount of density a lot could support would reduce land prices in our population centers. This would result in more small projects instead of occasional mega projects that balloon the cost of land and offend the local community. I'd much rather see 25 ADUs, 50 duplex conversions, and a dozen or so quads spread around than a single 100 unit apartment building.

As I mentioned above, this is a win-win for both sides of the issue. Anti-development citizens would effectively see an end to very large projects while pro-development citizens would see an increase in the total number projects. Obviously, anyone who has been holding a high density piece of property in the hopes a developer will come along and make them rich is going to be very opposed to this measure.

There are a lot of details that need to be ironed out of course, but I'm very interested to see what the task force thinks about this proposal. Hopefully we can discuss it at one of our future meetings.

Please let me know what you think.

Thank you for your time,
Corey Christopehrson

**REPORT
of
The AHTF Sub-Committee
on
Small to Mid-Size Housing Units**

The task of our subcommittee was to examine the following sections of the City's Comprehensive Plan:

HO ACTION #2 – AMEND THE CITY'S DEVELOPMENT CODE TO FACILITATE AN INCREASE IN THE DIVERSITY OF HOUSING TYPES AND SUPPLY OF AFFORDABLE HOUSING.

Policy HO 3.6 Develop standards to encourage development of small to mid-size single-family housing units. These provisions may include a framework to permit small-unit housing development such as *tiny houses, micro units and cottage housing*.

Specific types of small unit housing we examined:

Micro Housing

Roughly defined as residential units from 100 square feet to possibly 450-500 sq feet. All have bathrooms, most have refrigerators, many have kitchenettes but the smaller tend to have a common area with kitchens and places to eat. Micro housing is built usually in what we might call apartment buildings, with most units micro. They can be made quite livable. Cities tend to zone for them next to public transportation, believing that few occupants will use cars.

Rents are lower but per square foot tend to be higher than traditional studio apts. There is no guarantee of affordability – market controls rents. Micro units are built almost entirely in highly dense cities. Most occupants spend a considerable amount of their time outside the micro unit. They are designed primarily for individuals and couples. It is commented that they are generally too small for families. The initial excitement about micro housing has diminished due to regulation but also due to the per unit cost considering bathrooms and a high level of design necessary to make the space livable. The market has not been as hot as anticipated.

Tiny Houses

Tiny houses have been problematic for most jurisdictions because most are constructed with wheels and are subject to regulations applicable to trailers, campers, etc. Septic, sewer and parking are also problems. Most jurisdictions use them as temporary housing for the homeless.

Small Houses

Construction of small houses should be encouraged, as they provide a form of affordable housing, where allowed. Consider reduction by code of the minimum and maximum allowable size of residential units, with the emphasis on encouraging small housing units.

Will the public resist lowering the minimum size to 250 feet for example? Will there be resistance to setting a maximum square footage, say 1500 square feet for a family of four, more for larger families, or some kind of formula that would limit very large homes and likely result in more units being built, though smaller?

ADU

ADUs have been relatively popular Bainbridge historically, often built over garages. ADU's should be encouraged, turning single family homes into duplexes, with one side rented. Parking and septic are issues. No guarantee of affordability. A negative trend from the AH viewpoint is conversion of many ADUs to Air BnB, taking them out of the rental market.

NOTE about Air BnB and vacation housing:

Many jurisdictions are very concerned about the loss of rentals, especially affordable rentals, caused when owners convert ADU's to Air BnB and entire homes to Air BnB and VRBOs, both a form of very short term rentals, some say mini-hotels, taking the units out of the market for long term rentals. Regulations and taxation are becoming the trend in most major cities. Air BnB is fighting back with litigation but in the long run, the cities are likely to prevail.

Cottage Housing

Cottage housing is generally defined as a grouping of small dwelling units (typically, between four and twelve units with 800-1000 sq ft foot prints) clustered around a common area and developed with a coherent plan for an entire site. Usually there are some shared amenities and areas and a coordinated design which usually allows for densities that are somewhat higher than in adjacent single family neighborhoods.

In recent years, cottage housing has experienced a resurgence in popularity although it still constitutes only a very modest share of the overall housing market. Cottage housing is increasingly seen as an attractive housing option because:

- It is infill development of small sites within existing developed areas which can offer residents the ability to move within, but still stay rooted in, their larger town or neighborhood.
- Its typical cluster configurations enhance the likelihood that while enjoying independence and privacy, residents can find a sense of “community” with others living in their small cluster.
- It is in synch with the growing ethos of the “live small” life style.
- Cottages typically cost less than traditional dwellings sited on larger so-called “single family” plots of land.
- Together, the above characteristics attract owners who: are mature adults (some studies have found that more than half of such owners are single women), have modest financial resources, are seeking relief from the financial and maintenance burdens of larger residences and who are not attracted to the high-density multi-unit apartment appearance and obligations of most condominium projects.
- Cottage housing is now also being seen as a partial solution for the challenges of the current shortage of housing inventory and low-supply/demand-driven escalating price increases.

All the above said, cottage housing is not without its opponents and detractors. Resistance to cottage housing often occurs because residents in neighborhoods slated for such projects object to these characteristics such as: increased density and vehicular traffic, perceived erosion of their neighborhood’s integrity, differing life styles, fear of diminished property values and loss of privacy. As a result, governments of entities with approved ordinances have frequently tweaked them.

For cottage housing to be a viable option in a community, especially on Bainbridge Island, four important factors must be present:

- An ordinance approved by appropriate governmental entities which establishes the legal framework for the planning and development of cottage housing.
- Suitably zoned and affordable land.
- Existence of ample water and sewer infrastructure, or the funding for its installation.
- Purchaser demand.

Measured against these factors, despite strong purchaser demand for cottage housing on Bainbridge Island, the prognosis for its construction here is not good because: our city does not have an approved cottage housing ordinance, the supply of relatively inexpensive and suitably zoned land is virtually non-existent and, for all practical purposes, the existing of water and sewer infrastructure serves only properties within the historic boundaries of Winslow and the few south island neighborhoods which are connected to Sewer District #7.

Notwithstanding the attractiveness of cottage housing and the fact that our City is obligated to provide for various types of housing, it's clear to us that cottage housing can be considered a significant component of affordable housing here only if the following actions are undertaken by the City's staff and City Council:

- **Establishment of a Cottage Housing Ordinance** based on the document first drafted by Charlie Wenzlau in 2002 and modified by him in 2005.
- **Expansion of the Island's existing water and sewer systems.** As an alternative, the feasibility of the use of a shared on-site residential sanitation systems should be explored.
- **Up-zone of properties to higher densities** which can be served by these expanded utility systems.

OVERALL, we have drawn these General Conclusions:

1. To the extent that the City can regulate **to encourage small to mid-size single family housing** units, this would be slightly helpful in increasing housing stock but not likely to increase affordable housing (AH) unless AH is required. Past regulatory incentives for AH have not yielded any meaningful numbers of AH units.
2. The City should regulate to **encourage small to mid-size multifamily** housing. This would likely yield higher numbers of mid range units and AH units provided AH units are mandatory. Without mandatory AH, this would still increase lower cost housing stock.
3. The City should consider allowing **conversion of single family homes to duplexes** wherever possible. This would likely require zoning changes along with other regulatory changes. Incentives for AH could accompany these changes.
4. **The trend toward small apartments is one that would seem to fit for Bainbridge Island and should be encouraged by City zoning and regulation.** Small rentals units appear to be the future of housing in most areas with housing shortages. Ownership is far less viable.
5. **Cottage Housing** is an attractive option but the conditions necessary for it to be viable on Bainbridge Island for anything other than a few projects are substantial.

Respectfully submitted:

Dave Shorett
Ed Kushner

NOTE: The membership of our sub-committee initially consisted of Emma Aubrey, Stuart Grogan, Ed Kushner and David Shorett. Due to unforeseen reasons, this proposal reflects only the thinking of the latter two members. Thus, we offer this caveat: neither of us have relevant personal expertise with this subject.

Affordable Housing Open Space/Public Properties

